



RESEARCH INSTITUTE FOR WORK AND SOCIETY

Economic analysis of the road freight transport sector in Belgium within a European context

Employees and employers in 'survival mode'?



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Conference 'On the road. Economic and legal aspects of the road transport sector in Europe'
26 March 2018

Image courtesy of Hiva Group - Hiva 1.0.0.0

Research questions and methodology (1)

- Several recent studies provide an up-to-date and in-depth analysis of the road freight transport sector in the EU;
- Avoid repeating this research by:
 - *making a comprehensive analysis of the Belgian road freight transport sector;*
 - *showing the added value of other data sources than those used in above studies:*
 - Eurostat statistics on road freight transport in the EU;
 - Data on the applicable social security legislation (PD A1);
 - ORBIS database from Bureau van Dijk.



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Research questions and methodology (2)

- Eurostat statistics on road freight transport in the EU
 - *Belgium within Europe: an overview of the current situation of the road freight transport sector*
- Data on the applicable social security legislation (PD A1)
 - *Active in two or more Member States or posted to another Member State?*
- ORBIS database from Bureau van Dijk
 - *Performance of the Belgian road freight transport sector;*
 - *“Flagging out”:*
 - Profile of Belgian freight transport companies with a foreign subsidiary;
 - Profile of foreign freight transport companies with a Belgian shareholder.
 - *Letterbox companies and cross-border social fraud.*

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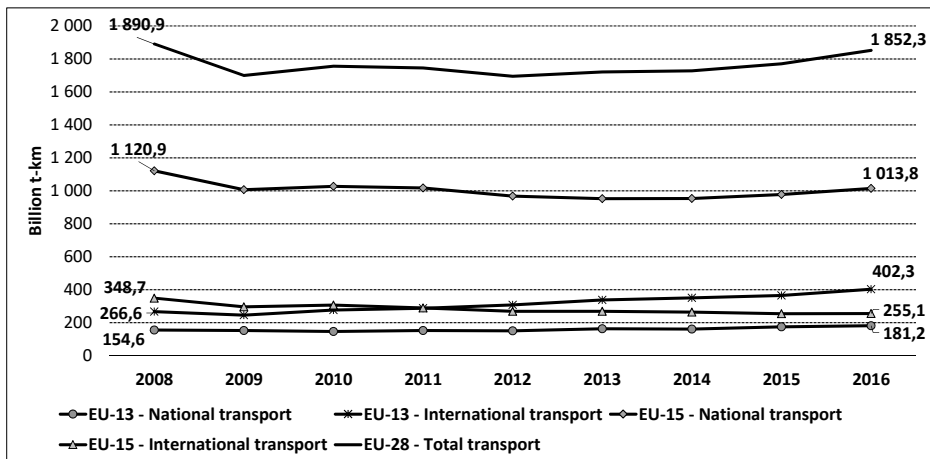
ORBIS database from Bureau van Dijk

- The database covers company data for all EU-28 countries;
- Orbis is composed of information from various domestic sources;
- The completeness of the information may vary between countries;
- Orbis has a search function that allows for the search of
 - *Industry: ‘Nace 4941. Freight transport by road’;*
 - *Foreign subsidiaries;*
 - *Foreign shareholders;*
 - *Headquarters;*
 - *The address of the company;*
 - *Financial data / ratios: capital, turnover, profit margin, number of employees, etc.*

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The major component is national transport


Annual road freight transport by type of transport in billion t-km, EU-15 vs EU13, 2016



Source Own elaboration on data from Eurostat [road_go_ta_tot]

Germany and Poland dominate the European road transport

Main Member States active in road freight transport, by type, share in total t-km, 2016

	Total transport		National transport		International transport		Of which 	
	Country	Share in column total	Country	Share in column total	Country	Share in column total		
Most active	Germany	17.0%	Germany	22.7%	Poland	28.0%		
Second most active	Poland	15.7%	UK	14.3%	Spain	11.0%		
Third most active	Spain	11.7%	Spain	12.1%	Germany	6.7%		
Belgium		1.7%		1.6%		1.8%		
International transport in the EU								
	Goods loaded in reporting countries		Goods unloaded in reporting countries		Cross-trade		Cabotage	
	Country	Share in column total	Country	Share in column total	Country	Share in column total	Country	Share in column total
Most active	Poland	25.4%	Poland	27.6%	Poland	30.9%	Poland	33.6%
Second most active	Spain	15.6%	Spain	13.6%	Lithuania	9.3%	Romania	7.9%
Third most active	Germany	9.1%	Germany	8.2%	Romania	9.2%	Bulgaria	6.7%
Belgium		2.4%		1.8%		0.7%		3.6%

Source Own elaboration on data from Eurostat [road_go_ta_tot]

An eastward shift of international transport activities

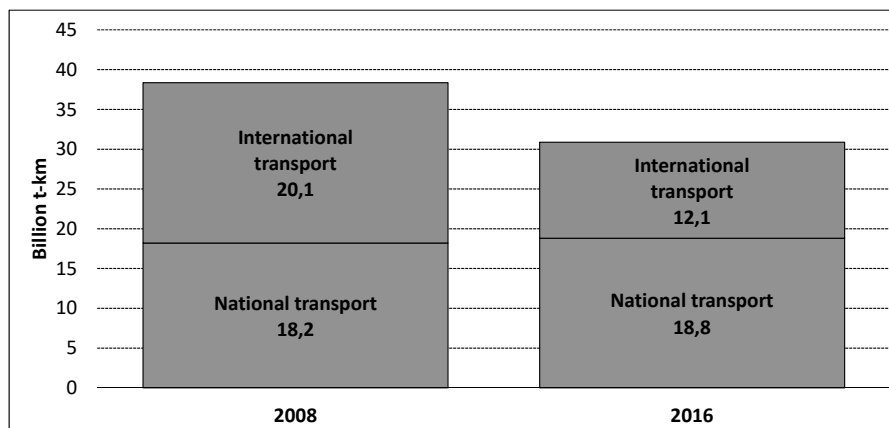
Road freight transport by type of transport, share in total t-km, 2008 and 2016



Source Own elaboration on data from Eurostat [road_go_ta_tot]

International transport from /to Belgium: melted like snow before the sun? (1)

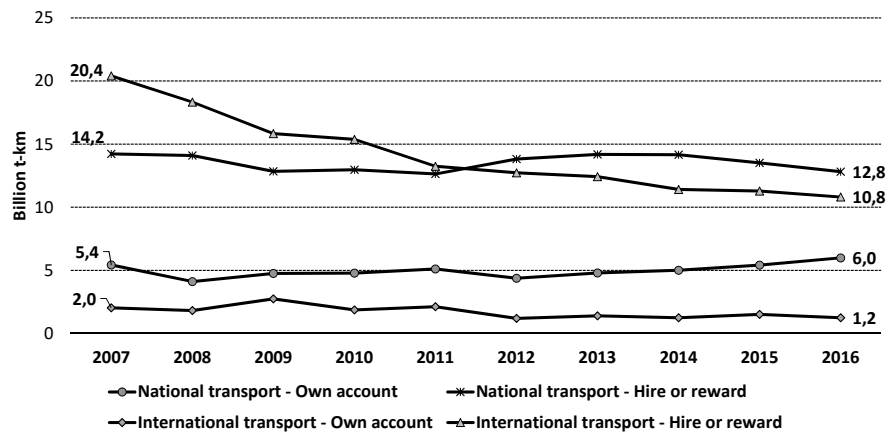
Evolution of national and international freight transport by road, Belgium, in billion t-km, 2008-2016



Source Own elaboration on data from Eurostat [road_go_ta_tot]

International transport from /to Belgium: melted like snow before the sun? (2)

Evolution of national and international freight transport by road, Belgium, own account or hire/reward, in billion t-km, 2007-2016



Source Own elaboration on data from Eurostat [road_go_ta_tott]

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International transport from / to Belgium: melted like snow before the sun? (3)

Evolution of national and international freight transport by road, in t-km, 2008-2016

	Belgium	EU-28	EU-15	Poland	Romania	Slovakia
Total transport	-19.5%	-2.0%	-13.7%	76.3%	-14.6%	23.4%
National transport	3.3%	-6.3%	-9.6%	48.3%	-43.3%	-9.8%
International transport	-40.2%	6.8%	-26.8%	97.9%	5.5%	32.6%
<i>Of which:</i>						
* Goods loaded in reporting country	-40.6%	-7.8%	-26.0%	84.0%	-51.9%	19.5%
* Goods unloaded in reporting country	-42.2%	-10.0%	-30.2%	65.9%	-47.3%	13.8%
* Cross-trade	-52.0%	58.9%	-24.0%	115.9%	1,488.0%	42.2%
* Cabotage	-11.2%	125.0%	-12.2%	1,259.7%	3,032.0%	448.1%

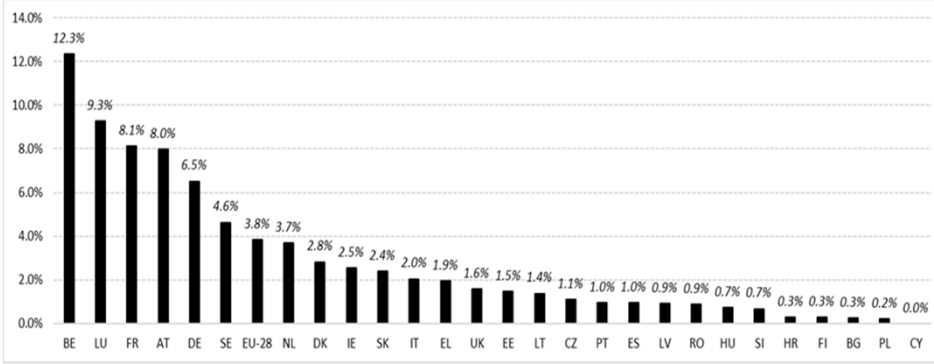
Source Own elaboration on data from Eurostat [road_go_ta_tott]

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Cabotage: the Trojan horse for Belgium?

Share of cabotage transport in total national transport*, 2016

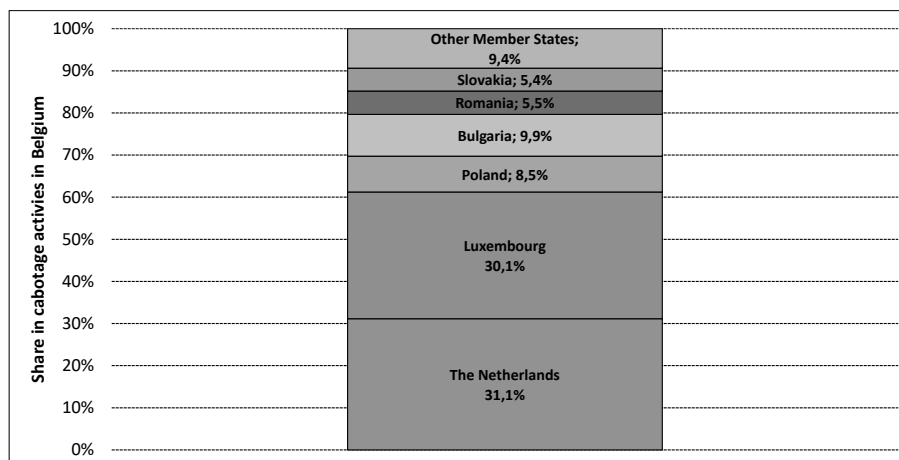


* Where total national transport is the sum of national transport and cabotage transport (in that country) .

Source Own elaboration on data from Eurostat [road_go_ta_tott]

Full liberalisation of the cabotage market undertaken within Benelux countries

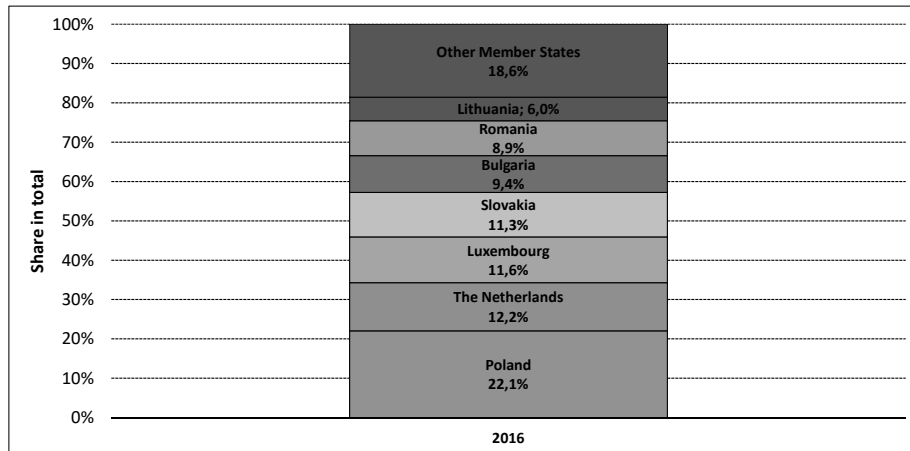
Share in cabotage transport (total t-km) in Belgium, 2016



Source Own elaboration on data from Eurostat [road_go_ca_hac]

Cross-trade road freight transport from Belgium to other EU-28 country

Cross-trade road freight transport, loaded in Belgium and unloaded in other EU-28 country, share in total t-km, 2016



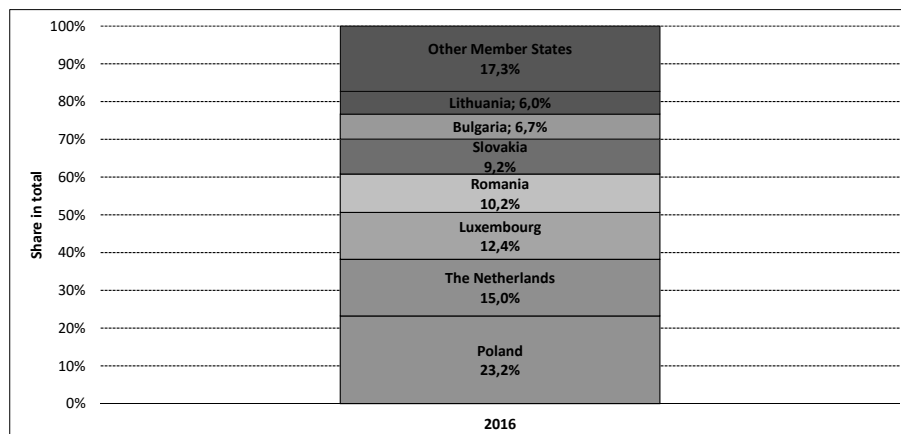
Source Own elaboration on data from Eurostat [road_go_cta_gtt]

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Cross-trade road freight transport from EU-28 country other than Belgium to Belgium

Cross-trade road freight transport, loaded in EU-28 country other than Belgium and unloaded in Belgium, share in total t-km, 2016



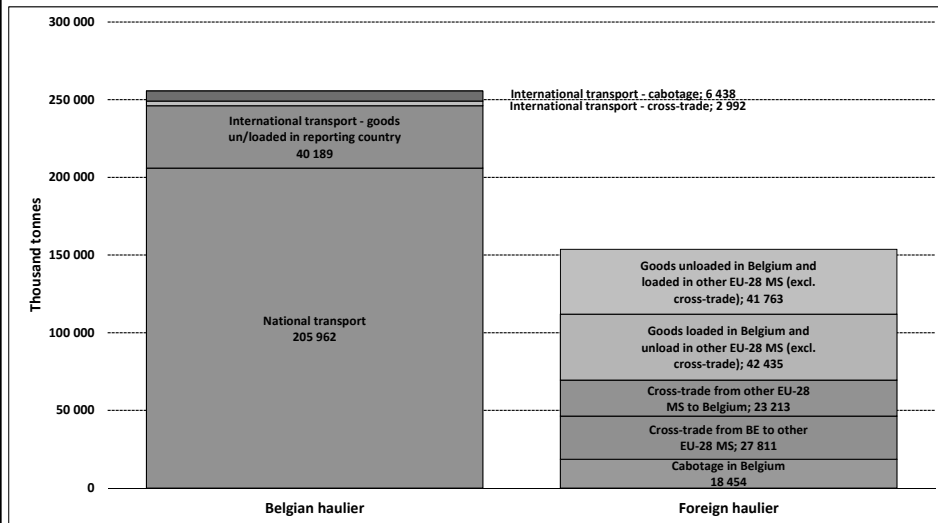
Source Own elaboration on data from Eurostat [road_go_cta_gtt]

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Threat of substitution of Belgian companies/employees (1)

Road freight transport from and to Belgium, in thousand tonnes, 2016



Source Own elaboration on data from Eurostat [road_go_cta_gtt], [road_go_ca_hac] [road_go_ta_tott]

Threat of substitution of Belgian companies/employees (2)

Road haulage flows between Belgium and its neighbouring countries, 2016

BE	Neighbouring country (country A)	Total mio tonnes	of which from Belgium to neighbouring country					of which from neighbouring country to Belgium				
			mio tonnes	of which carried by haulier from Belgium	of which carried by haulier from country A	of which carried by hauliers from 3rd country	Biggest 3rd country	mio tonnes	of which carried by haulier from Belgium	of which carried by haulier from country A	of which carried by hauliers from 3rd country	Biggest 3rd country
BE	NL	52.4	24.9	21.4%	68.2%	10.4%	PL	27.5	13.8%	76.7%	9.5%	PL
BE	FR	51.2	29.4	43.2%	26.7%	30.1%	LU	21.7	35.5%	28.8%	35.8%	LU
BE	DE	41.6	21.5	16.5%	31.2%	52.3%	PL	20.0	15.9%	39.2%	44.9%	PL
BE	LU	6.7	4.6	13.8%	78.8%	7.4%	NL	2.1	8.6%	74.0%	17.5%	NL

Source Own elaboration on data from Eurostat [road_go_la_rc]

Active in two or more Member States or posted to another Member State?

Number of PDs A1 issued, Art. 12 and 13 of Regulation (EC) No 883/2004, transportation and storage, 2016

	Art. 12			Art. 13		
	Number	Share in column total	Share in row total	Number	Share in column total	Share in row total
Belgium						
Bulgaria						
Czech Republic	455	2.1%	n.a.	n.a.	n.a.	n.a.
Denmark						
Germany						
Estonia	29	0.1%	6.1%	449	0.3%	93.9%
Ireland						
Greece						
Spain						
France	4,213	19.1%	99.8%	9	0.0%	0.2%
Croatia	595	2.7%	46.3%	689	0.5%	53.7%
Italy						
Cyprus	3	0.0%	0.1%	2,435	1.8%	99.9%
Latvia	134	0.6%	11.7%	1,008	0.7%	88.3%
Lithuania	508	2.3%	31.7%	1,097	0.8%	68.3%
Luxembourg	1,190	5.4%	16.3%	6,103	4.4%	83.7%
Hungary	1,722	7.8%	62.1%	1,052	0.8%	37.9%
Malta	35	0.2%	16.9%	172	0.1%	83.1%
The Netherlands	760	3.4%	11.6%	5,811	4.2%	88.4%
Austria	951	4.3%	64.8%	517	0.4%	35.2%
Poland	5,555	25.2%	5.1%	103,818	75.0%	94.9%
Portugal	195	0.9%	n.a.	n.a.	n.a.	n.a.
Romania	2,884	13.1%	n.a.	n.a.	n.a.	n.a.
Slovenia	1,184	5.4%	n.a.	n.a.	n.a.	n.a.
Slovakia	1,398	6.3%	8.7%	14,706	10.6%	91.3%
Finland	76	0.3%	n.a.	n.a.	n.a.	n.a.
Sweden	184	0.8%	27.8%	477	0.3%	72.2%
UK						
Total	22,071	100%		138,343	100%	
Adjusted total	17,277		11.1%	138,343		88.9%

* Adjusted total - share in row total: country taken into account only if figures for both Art. 12 and Art. 13 are reported.

Source De Wispelaere and Pacolet (2018)

The vast majority of truck drivers are employees

Estimated number of self-employed truck drivers and share in total employment, 2016

	Sole proprietorship	% in total employment
Slovenia	4,045	18.1%
Poland	53,233	16.3%
Slovakia	4,526	10.2%
Bulgaria	3,575	5.7%
Belgium	2,797	5.1%
The Netherlands	5,112	4.6%
France	10,725	3.3%
Romania	3,843	2.9%
Germany	3,260	0.8%
Luxembourg	35	0.5%
EU-28	194,492	6.5%

Source Own elaboration on data from ORBIS and Eurostat [sbs_na_1a_se_r2]

Performance of the Belgian road freight transport sector: a wake-up call?

Overview of some key statistics, 2015

	2015	Evolution 2011 - 2015		
		Belgium	EU-15	EU-13
Number of enterprises	7,469	-0.7%	0.0%	3.9%
Turnover (in million €)	11,055.1	-2.6%	5.2%	29.7%
Gross operating surplus (in million €)	1,026.9	10.2%	18.9%	7.8%
Personnel costs (in million €)	2,259.8	-6.7%	8.5%	44.7%
Persons employed	55,141	-9.6%	-1.5%	18.8%
<i>Change in absolute terms</i>		-5,844		
Employees in FTE	41,383	-10.6%	1.7%	24.8%
<i>Change in absolute terms</i>		-4,929		

Source Own elaboration on data from Eurostat [sbs_na_1a_se_r2]

Employment in road freight transport in Belgium

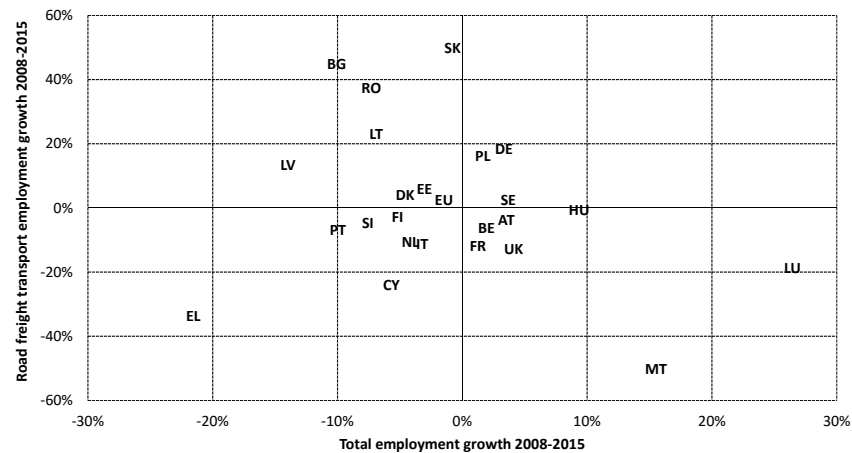
Employment growth in road freight transport, Belgium, 2007-2016

	Employees (NACE 4941)		Self-employed (Nace 4941)		Blue-collar workers (Employers' category 083)		White-collar workers (Employers' category 083)	
	Number	Evolution (2010 = 100)	Number	Evolution (2010 = 100)	Number	Evolution (2010 = 100)	Number	Evolution (2010 = 100)
2007					64,566		27,449	
2008					64,298		29,344	
2009					61,541		28,474	
2010	49,926	100	9,793	100	61,632	100	28,203	100
2011	48,889	97.9	9,744	99.5	61,839	100.3	28,435	100.8
2012	47,232	94.6	9,801	100.1	60,632	98.4	28,931	102.6
2013	46,061	92.3	9,642	98.5	59,345	96.3		
2014	46,199	92.5	9,770	99.8	59,563	96.6	28,464	100.9
2015	46,721	93.6	9,910	101.2	60,732	98.5	30,374	107.7
2016	47,772	95.7	10,025	102.4	62,330	101.1	30,067	106.6

Source Data from NPDATA – Jan Hertogen and Instituut wegTransport en Logistiek in België

Employment growth in road freight transport: Strong differences between EU-15 and EU-13

Employment growth in road freight transport versus total employment growth, 2008-2015



Source Own elaboration on data from Eurostat [sbs_na_1a_se_r2] and [lfsa_egan2]

“Flagging out”: do not (only) blame the ‘low-wage’ countries

Number of road freight transport companies in the EU with a foreign majority (EU-28), 2016

Country	Number of companies (A)	Number of companies with foreign shareholder* (> 50%) (B)	% share (B/A)
United Kingdom	64,106	8,450	13.2%
Romania	49,852	1,515	3.0%
Slovakia	11,867	1,082	9.1%
Czech Republic	46,380	364	0.8%
Germany	17,307	262	1.5%
Poland	69,096	269	0.4%
Luxembourg	702	221	31.5%
Belgium	12,546	183	1.5%
The Netherlands	13,424	108	0.8%
Bulgaria	19,985	94	0.5%
Portugal	10,122	82	0.8%
France	52,342	72	0.1%
EU-28	572,231	13,665	2.4%

* Underestimation: information is not available for all companies.
Source Own elaboration on ORBIS database

Flagging out is mainly performed by large road freight transport companies

Profile of Belgian freight transport companies with a foreign subsidiary, 2016

	Belgian road freight transport companies with a foreign subsidiary	Total Belgian road freight transport companies	% share
Number of companies	75	12,546	0.6%
Total turnover (in € ,000) in Belgium	3,903,065	10,389,600	37.6%
Total number of employees in Belgium	10,924	54,536	20.0%
Average profit margin in Belgium	2.6%	4.1%	

Source Own elaboration on ORBIS database

Number of foreign subsidiaries:

Average: 4

Median: 2

Incomplete picture: not all companies are parent companies: sum of total foreign subsidiaries ≠ foreign freight transport companies with a Belgian shareholder

Companies with a Belgian shareholder mainly located in Romania, Luxembourg and Slovakia

Number of foreign freight transport companies with a Belgian shareholder (EU-28), 2016

No.	Number of companies				Number of employees*		
	Country	Number	Share of total		Country	Number	Share of total
1	Romania	135	29.7%	1	Slovakia	2,627	29.1%
2	Luxembourg	110	24.2%	2	Romania	2,128	23.5%
3	Slovakia	76	16.7%	3	Luxembourg	974	10.3%
4	The Netherlands	26	5.7%	4	France	930	8.2%
5	France	22	4.8%	5	The Netherlands	738	5.0%
6	United Kingdom	18	4.0%	6	Bulgaria	455	4.5%
7	Poland	14	3.1%	7	Czech Republic	404	10.8%
8	Bulgaria	11	2.4%	8	Lithuania	270	3.0%
9	Germany	8	1.8%	9	Italy	119	1.3%
10	Italy	8	1.8%	10	Latvia	110	1.3%
11	Latvia	8	1.8%	11	Germany	93	1.2%
12	Czech Republic	7	1.5%	12	United Kingdom	102	1.1%
	Other countries	12	2.6%		Other countries	90	1.0%
	Total	455	100.0%		Total*	9,040	100.0%

* Underestimation: only 274 out of 455 companies reported figures (extrapolation: some 15,000 employees).

Source Own elaboration on ORBIS database

Companies with a Belgian shareholder mainly located in Romania, Luxembourg and Slovakia

Profile of foreign freight transport companies with a Belgian shareholder (EU-28), 2016

	Average number of employees*	Average turnover (in € ,000)*	Average profit margin*	Average cost per employee (in € ,000)*
The Netherlands	46	120,532	0.2%	59.7
Slovakia	42	2,798	2.9%	12.0
Romania	20	1,315	3.8%	4.8
France	62	6,267	1.6%	43.0
Luxembourg	35	3,163	5.8%	36.3
Poland	n.a.	4,663	3.8%	n.a.
Reference: Belgium	15,8	11,712	4.1 %	45.4

* Data not available for all companies.

Source Own elaboration on ORBIS database

Foreign shareholder: a natural of legal person?

Letterbox companies

- The core requirements for engagement in the occupation of road transport operator are summarised in Article 3(1) of Regulation 1071/2009 as follows:
 - ***Have an effective and stable establishment;***
 - *Be of good repute;*
 - ***Have appropriate financial standing (i.e. capital and reserves totalling at least € 9,000 when only one vehicle is used and € 5,000 for each additional vehicle used); and***
 - *Have the requisite professional competence.*
- Article 3(2) of the Regulation allows Member States to impose additional requirements next to the four requirements. The most common additional requirement at the national level is for a parking space.

A remarkable strong concentration of road freight transport companies located in the same city and even at the same address

Road freight transport companies located at the same address, some cases in the UK and Slovakia, 2016

		Total companies		Road freight transport		
City	Address	Registered	With a foreign shareholder	Registered	With a foreign shareholder	With a Belgian shareholder
United Kingdom						
Rugby	CLIFTON ROAD 21-23	282	137	234	132	
Slovakia						
Bratislava	TALLEROVA 4	523	155	38	12	
Komarno	BASTOVA 28	205	96	30	13	
Bratislava	HRANICNA 18	161	72	29	24	16
Bratislava	KOPCIANSKA 10	870	274	22	8	
Bratislava	LUCENECKA CESTA 2266/6	71	37	13	10	9

Source Own elaboration on ORBIS database

Companies are located in buildings that are not suitable as an 'operating centre' as required by Article 5 of Regulation 1071/2009



Source Google street view

Financial standing: capital (without reserves) in several cases lower than € 9,000

Capital of foreign freight transport companies with a Belgian shareholder, 2016

	Lower than € 9,000			Higher or equal than € 9,000	
	<i>Average (in € ,000)</i>	<i>Number</i>	<i>Row %</i>	<i>Number</i>	<i>Row %</i>
Romania (n: 92)	27.3	80	87.0%	12	13.0%
Luxembourg (n: 79)	51.4	3	3.8%	76	96.2%
Slovakia (n: 75)	37.2	42	56.0%	33	44.0%
HRANICNA 18	13.0	12	80.0%	3	20.0%
LUCENECKA CESTA 2266/6	12.8	4	44.4%	5	55.6%
The Netherlands (n: 17)	111.4	1	5.9%	16	94.1%

Source Own elaboration on ORBIS database

Indication of cross-border social fraud: very low average cost per employee (despite providing cabotage activities?)

Average annual cost per employee of foreign freight transport companies with a Belgian shareholder, 2016

	Lower than € 5,000 per year			Higher than € 5,000 per year	
	<i>Average hourly labour cost (€) (Eurostat)</i>	<i>Number</i>	<i>Row %</i>	<i>Number</i>	<i>Row %</i>
Romania (n: 78)	5.5	50	64%	28	36%
Slovakia (n: 61)	8.7	7	11%	54	89%
Belgium	36.5				

Source Own elaboration on ORBIS database and Eurostat

Some conclusions - recommendations (1)

– Europe:

- *The major component is national transport. Size of cabotage and cross-trade strongly increased but is still relatively small;*
- *An eastward shift of international transport activities. Since 2012, EU-13 > EU-15 in terms of t-km;*
- *Mainly active in two or more Member States rather than posted to another Member State;*
- *“Flagging out”:*
 - *App. 2.4% road freight transport companies in the EU with a foreign majority;*
 - *High number / percentage of companies with a foreign majority in UK, Luxembourg, Slovakia and Romania.*
- *Fight against letterbox companies:*
 - *Several cases of road freight transport companies located at the same address;*
 - *Capital in several cases lower than € 9,000.*

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Some conclusions - recommendation (2)

– Belgium:

- *The erosion of international road freight transport from/to Belgium;*
- *Cabotage transport in Belgium: the impact of the Benelux agreement;*
- *“Flagging out” is mainly performed by large road freight transport companies;*
- *Companies with a Belgian shareholder mainly located in Romania, Luxembourg and Slovakia;*
- *Fight against letterbox companies: companies with a Belgian shareholder located at the same address in Bratislava, showing a low capital;*
- *Fight against cross-border social fraud: companies with a Belgian shareholder with a very low average cost per employee.*

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Some conclusions – recommendations (3)

- Many pending research questions:
 - *Size / role / impact of posting;*
 - *Size of cross-border fraud / letterbox companies;*
 - *Competition: substitution effects of foreign subsidiaries vs substitution effects of other foreign companies;*
 - *Distinction between 'bona fide' foreign subsidiaries and letterbox companies;*
 - *Etc.*
- Incomplete / unprecise information on
 - *Cabotage transport ('Tip of the iceberg?');*
 - *Domestic employment;*
 - *Job creation by foreign subsidiaries;*
 - *Substitution of domestic jobs;*
 - *Number of firms;*
 - *Cross-border fraud / letterbox companies;*
 - *Number of checks by labour inspectorates and the outcome;*
 - *Etc.*

Some conclusions - recommendations (4)

- It may be useful to repeat the analysis of the Orbis database for all EU Member States;
- Focus on individual cases;
- In the proposal of the EC for establishing a European Labour Authority (COM(2018) 131 final) we read that “*the Authority will be entrusted with a number of operational tasks, namely to provide relevant information and services to individuals and employers, as well as support Member States in cooperation, information exchange, concerted and joint inspections, **risk assessment**, capacity building, mediation, and cooperation in the event of cross-border labour market disruptions*” (p. 2). The Orbis database is an interesting database to facilitate risk assessment and to support the fight against letterbox companies and cross-border fraud.

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